

## **KENTUCKY DEPARTMENT OF EDUCATION**

### **STAFF NOTE**

#### **Action/Discussion Item:**

Certify School District Eligibility to Participate in the Urgent Needs School Trust Fund (for facilities) to the School Facilities Construction Commission (SFCC)

#### **Applicable Statute or Regulation:**

House Bill HB267 (Budget Bill)

#### **Action Requested:**

Requests the Kentucky Board of Education certify the eligibility of the school districts on the attached project list, to participate in the Urgent Need School Trust Fund Program to the School Facilities Construction Commission by June 15, 2005.

#### **History/Background:**

***Existing Policy.*** The 2003 General Assembly established the Urgent Needs Trust Fund in HB269, which provided \$55,284,000 in bonding potential for new schools and major renovations. The Urgent Need School Trust Fund was established in the Finance and Administration Cabinet for the purpose of assisting school districts that have urgent and critical construction needs. The School Facilities Construction Commission administers the Urgent Need School Trust Fund.

The 2005 General Assembly appropriated funds to fulfill the commitment made by the 2003 Regular Session of the General Assembly for \$110,000,000 in bonded indebtedness to address the needs of Urgent Need and Category 5 (worst condition) schools. Included in this appropriation is \$7,723,400 in fiscal year 2005-2006 for debt service for \$91,536,000 in new bonding authority as provided in Part II, Capital Projects Budget, to support the Urgent Need School Trust Fund. The Urgent Need School Trust Fund is established in the Finance and Administration Cabinet for the purpose of assisting school districts that have urgent and critical construction needs. The Urgent Need School Trust Fund shall be administered by the School Facilities Construction Commission. The fund may receive state appropriations, contributions, and grants from any source, which shall be credited to the trust fund and invested until needed. All interest earned in the fund shall be retained in the trust fund. Notwithstanding KRS 45.229, moneys in the trust fund shall not lapse, but shall carry forward at the end of each fiscal year.

To be eligible to participate in the Urgent Need School Trust Fund Program in fiscal biennium 2004-2006, a local school district shall have a project that is: (a) Identified on the district's Facility Plan; (b) A "Category 5" School (poorest condition) in accordance with the

Kentucky Department of Education's Building Assessment document of January 13, 2005; and (c) For a school with or including enrollment based on best practices outlined in 702 KAR 1:001, The Kentucky School Facilities Planning Manual.

The Kentucky Board of Education shall certify the eligibility of a school district to participate in the Urgent Need School Trust Fund Program to the School Facilities Construction Commission by June 15, 2005.

Debt service assistance to each district shall be determined by funding based on unmet need pursuant to KRS 157.620, calculated utilizing Cash Balances and Bonding Potential available for the project as of January 13, 2005. These offers shall be administered in accordance with 750 KAR 1:010 where not in conflict with the language in this paragraph.

See attachment 1 for the referenced list of eligible projects.

Any unused debt service from the projects in this section may be allocated to another project within the same section as determined by the Commissioner of Education.

**Policy Issue(s) and Options:**

The Kentucky Board of Education has a legislative initiative that requires it to replace or renovate Kentucky's poorest school facilities.

**Staff Recommendation(s) and Rationale(s):**

Staff recommends that the Kentucky Board of Education certify all districts noted on the attachment for the Urgent Needs School Trust and the "Category 5" buildings to the School Facilities Construction Commission, subject to the requirements stipulated in HB 267 and noted above. The certification is in accordance with provisions of HB 267 and other appropriate statutes and regulations.

**Impact on Getting to Proficiency:**

In Standard 4 of the Standards and Indicators for School Improvement, it is noted that the school's physical environment has an impact on student achievement. Research also indicates that better facilities enhance equity (equal opportunities for all students), attitudes and retention of staff, and parental involvement.

**Groups Consulted and Brief Summary of Responses:**

Local public forums and local State Board Public Hearing were held (or will be held) in school districts.

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**Deputy Commissioner**

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**Commissioner of Education**

**Date:**

June 2005